



Northern Trust Asset Management

Monthly Investment Report
Indiana Public Retirement System
01 June 2016 - 30 June 2016





Monthly Investment Report

Prepared for Client Indiana Public Retirement System

Reporting Period

01 June 2016 - 30 June 2016

Contents

Performance and Market Value Summary	3
(2627381)-Northern Trust Aggregate Bond Index Fund - Non Lending	4
Mandate Summary	4
Characteristics	6
Portfolio Commentary	9
Market Review	10
Disclosure	13





Performance and Market Value Summary

Your Portfolio as of 30 June 2016

	Market Value	Performance (Values in %)							
		1M	3M	YTD	1Y	3Y	5Y	10Y	Since Inception
Legal Agreement	Board of Trustees of the State of Indiana Public Retirement System								
Indiana PRS- Defined Contribution Plan-(2627381)	VALUE (USD)	09/01/2009							
Northern Trust Aggregate Bond Index Fund - Non Lending	\$198,934,363.18								
Total Fund Gross of Fees		1.83	2.24	5.36	6.02	4.08	3.78	NA	4.28
Barclays Capital Agg		1.80	2.21	5.31	6.00	4.06	3.76	NA	4.30
Total MV of Board of Trustees of the State of Indiana Public Retirement System	\$198,934,363.18								
Total MV of Assets	\$198,934,363.18								

The Since Inception return represents the date from which performance began.





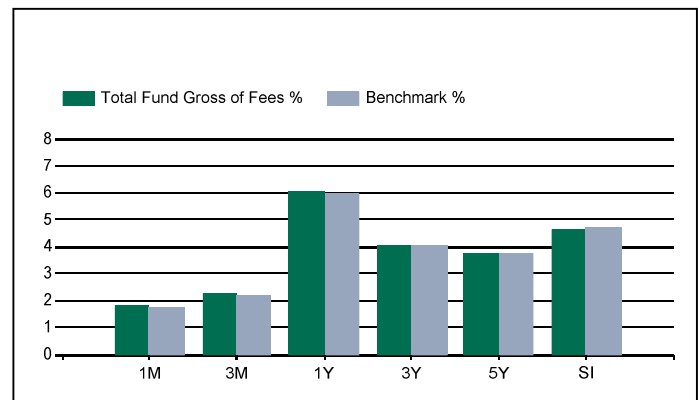
Mandate Summary

Account Name	Indiana PRS- Defined Contribution Plan
Product	Aggregate Bond Index
Fund Name	Northern Trust Aggregate Bond Index Fund - Non Lending
Benchmark	Barclays Capital Agg
Investment Objective	The primary objective of the Northern Trust Aggregate Bond Index Fund is to hold a portfolio representative of the overall United States bond and debt market, as characterized by the Barclays Capital Aggregate Bond Index

Market Value Summary

Category	Value (USD)
Ending Value 30 June 2016	\$15,570,910,008.57

Fund Performance vs Benchmark



Fund Performance through(30 June 2016)

Type	1M	3M	YTD	1Y	3Y	5Y	10Y	Since Inception 01/31/2009
Total Fund Gross of Fees (%)	1.83	2.24	5.36	6.02	4.08	3.78	NA	4.66
Benchmark (%)	1.80	2.21	5.31	6.00	4.06	3.76	5.13	4.71

The Since Inception return represents the date from which performance began.





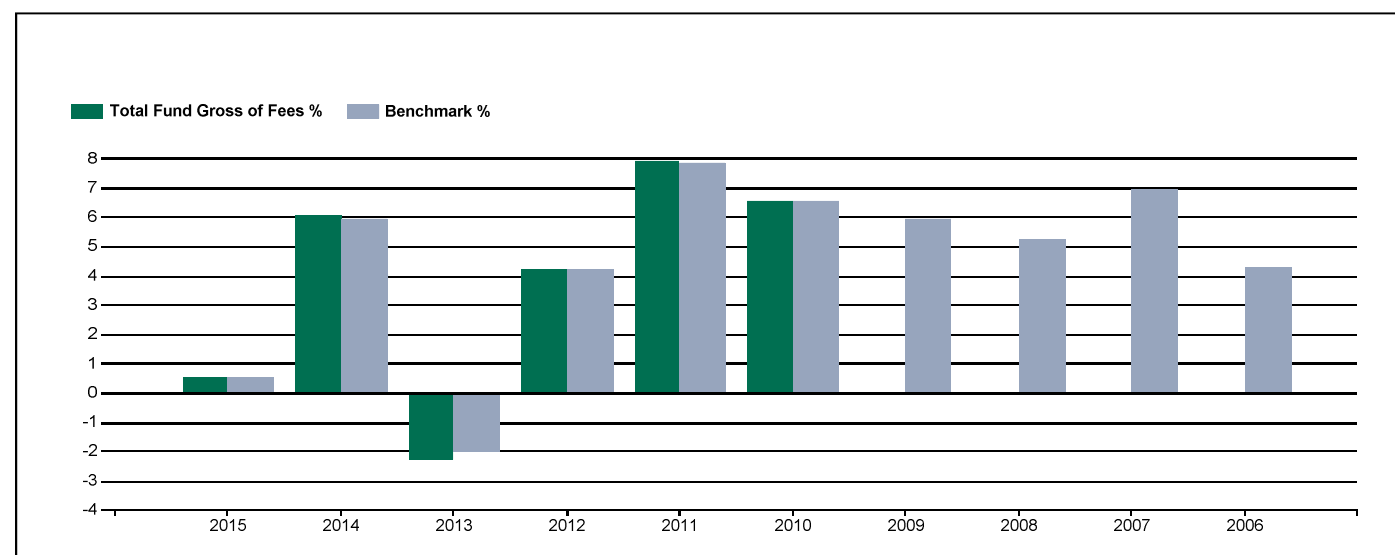
Mandate Summary (Continued)

Fund Performance Trailing Quarters

Type	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Total Fund Gross of Fees (%)	2.24	3.05	-0.61	1.25
Benchmark (%)	2.21	3.03	-0.57	1.23

Fund Performance Calendar Years

Type	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Fund Gross of Fees (%)	0.57	6.09	-2.27	4.23	7.91	6.59	NA	NA	NA	NA
Benchmark (%)	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	5.24	6.97	4.33





Characteristics

Characteristics	Fund	Benchmark
Average Coupon	3.15%	3.23%
Yield to Maturity	1.84%	1.85%
Yield to Worst	1.83%	1.84%
Average Maturity	7.51 Yrs	7.58 Yrs
Current Yield	2.86%	2.93%
Duration	5.30 Yrs	5.32 Yrs
Convexity	0.16	0.16
Average Quality Rating	AA	AA
Total Number of Issues	3660	9804

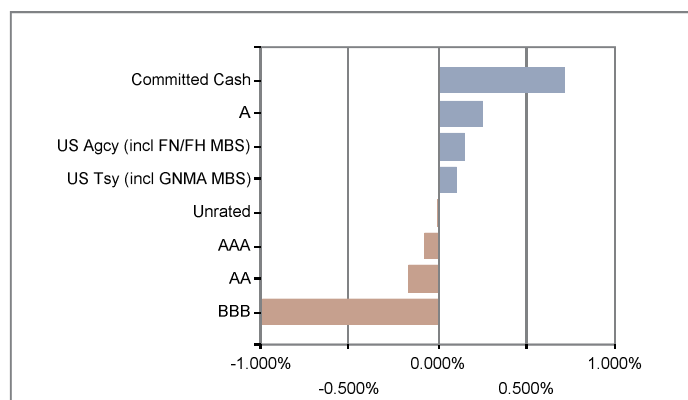




Quality Distribution

Credit Quality	Fund %	Benchmark %
US Tsy (incl GNMA MBS)	44.515	44.406
US Agcy (incl FN/FH MBS)	23.156	23.001
AAA	4.048	4.123
AA	3.527	3.692
A	11.509	11.256
BBB	12.524	13.516
Unrated	0.000	0.005
Committed Cash	0.721	0.000

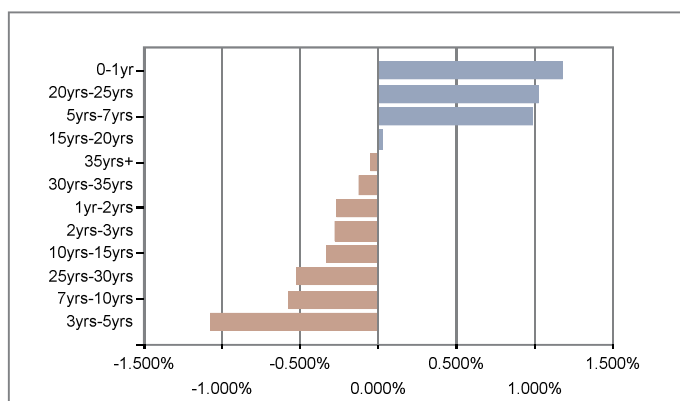
Quality Overweight/Underweight



Maturity Breakdown

Maturity (Years)	Fund %	Benchmark %
0-1yr	1.275	0.095
1yr-2yrs	11.088	11.356
2yrs-3yrs	10.592	10.868
3yrs-5yrs	35.453	36.532
5yrs-7yrs	15.800	14.808
7yrs-10yrs	9.785	10.366
10yrs-15yrs	1.383	1.716
15yrs-20yrs	1.873	1.845
20yrs-25yrs	5.096	4.064
25yrs-30yrs	7.199	7.718
30yrs-35yrs	0.171	0.303
35yrs+	0.284	0.329

Maturity Overweight/Underweight

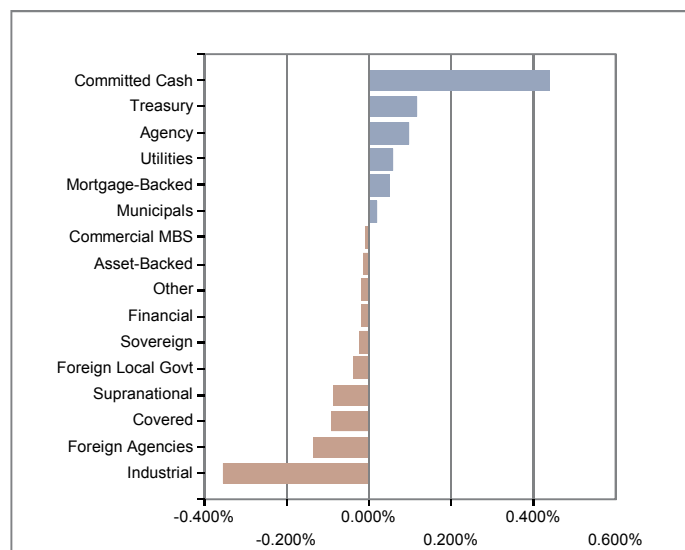




Sector Exposure

Sector	Fund %	Benchmark %	Overweight/Underweight %
Committed Cash	0.442	0.000	0.442
Treasury	36.706	36.589	0.117
Agency	2.559	2.461	0.098
Utilities	2.029	1.971	0.058
Mortgage-Backed	27.742	27.691	0.051
Municipals	0.925	0.904	0.021
Commercial MBS	1.688	1.698	-0.010
Asset-Backed	0.466	0.481	-0.015
Other	0.000	0.018	-0.018
Financial	7.771	7.790	-0.019
Sovereign	1.228	1.251	-0.023
Foreign Local Govt	0.282	0.319	-0.037
Supranational	1.502	1.589	-0.087
Covered	0.002	0.091	-0.089
Foreign Agencies	1.361	1.498	-0.137
Industrial	15.298	15.653	-0.355

Sector Overweight/Underweight





Portfolio Commentary

Explanation of Results

The U.S. Bond Market, as measured by the Barclays U.S. Aggregate Bond Index, generated 2.21% total return in the second quarter (0.38% in April, 0.03% in May, and 1.80% in June).

The second quarter saw credit spreads tighten while rates rallied to multi-year lows. Following a volatile first quarter, the second quarter began with an improvement in risk markets and sentiment. Although still below the U.S. Federal Reserve's 2% target rate, inflation continued to very gradually move higher. Consumer spending remained resilient, the housing market performed well, and commodity prices stabilized. The April FOMC meeting was uneventful and left in place the possibility of a mid-year rate hike, however, a very weak June employment report, displaying large prior-month revisions, took a summer 2016 rate hike off the table. Probability of the next Fed rate move was pushed well into 2017, and the subsequent June FOMC meeting took a more downbeat tone. The end of the quarter was dominated by the surprise result from the British referendum. Credit markets, which had tightened at the beginning of the quarter, had begun to widen as the odds of the British "leave" vote increased. Despite the unexpected vote outcome, credit markets remained well-behaved, as monetary policy is expected to remain very accommodative.

Portfolio Positioning

The Barclays U.S. Aggregate Bond Index is an unmanaged broad market-weighted index and is composed of U.S. Treasury and Agency securities, as well as mortgage-backed, commercial mortgage-backed, asset-backed, and investment-grade corporate issues and international (dollar-denominated) bonds, all with maturities greater than one year.

As an index manager, we seek to replicate as closely as possible (before deduction of expenses) the investment performance of the Barclays U.S. Aggregate Bond Index. Therefore, within the context of an indexed strategy, we neither evaluate short-term fluctuations in performance, nor manage according to a given outlook for the bond markets or the economy in general. Still, we will continue monitoring economic conditions and how they affect the financial markets, as we seek to closely track the performance of the broad U.S. bond market. It is also important to note that our tracking error target is based on a strategy modeled within a one standard deviation excess return framework.

Sector Performance

Performance of the Barclays U.S. Aggregate Bond Index in the second quarter (2.21%) was driven primarily by Investment-grade credit (3.48%), as option adjusted spreads tightened modestly; and U.S. Treasuries (2.10%) as yields declined significantly across the curve. Performance of other major market segments was also positive: Agency mortgage-backed securities (1.11%); commercial mortgage-backed securities (2.24%); U.S. Agencies (1.22%); and asset-backed securities (1.17%).

Manager Outlook

As an index manager we employ neutral strategies in our goal to provide the risk exposures and returns of their relevant indices. We do not seek to take positions on interest rates or the yield curve. Our sector selection and security selection strategies are also driven by the index allocation.





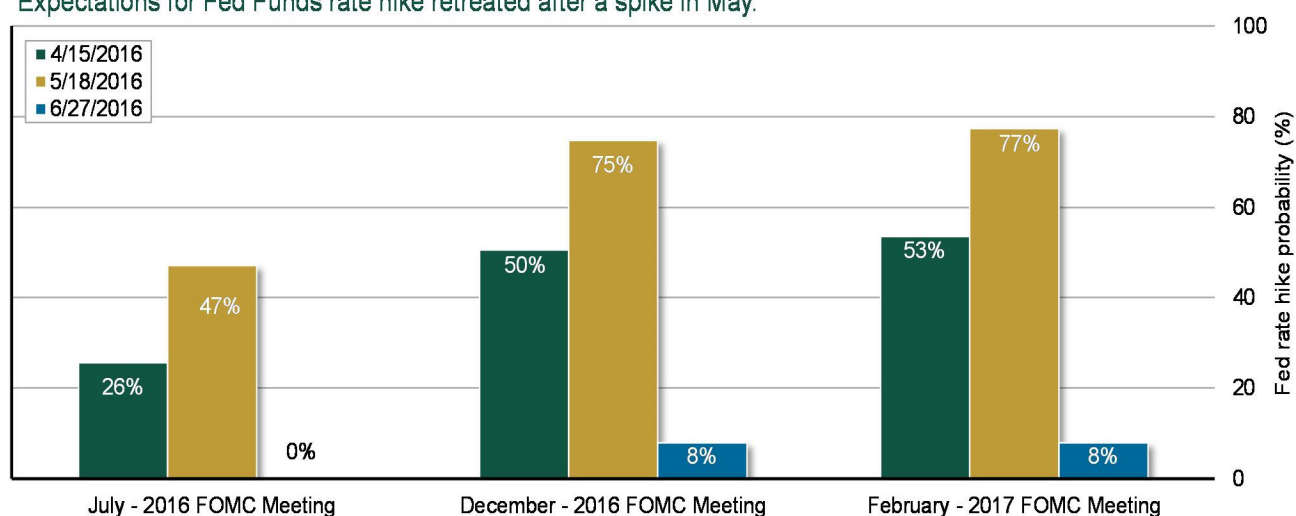
Market Review

Financial Market Outlook

- The weak May U.S. jobs report eliminated the Fed's hope for a near term interest rate hike while Brexit took a rate hike off the table for at least the rest of the year and possibly all of 2017.
- Weakness in Europe is expected but U.S. and China impacts are less clear; the U.S. is a relatively self-sufficient economy and China is able to implement stimulus to offset demand weakness.
- While economic activity may be hit, we are not on the verge of financial market collapse. Global financial institutions are healthy; central banks are on the case; and credit markets are functioning.

MAY HEADFAKE

Expectations for Fed Funds rate hike retreated after a spike in May.

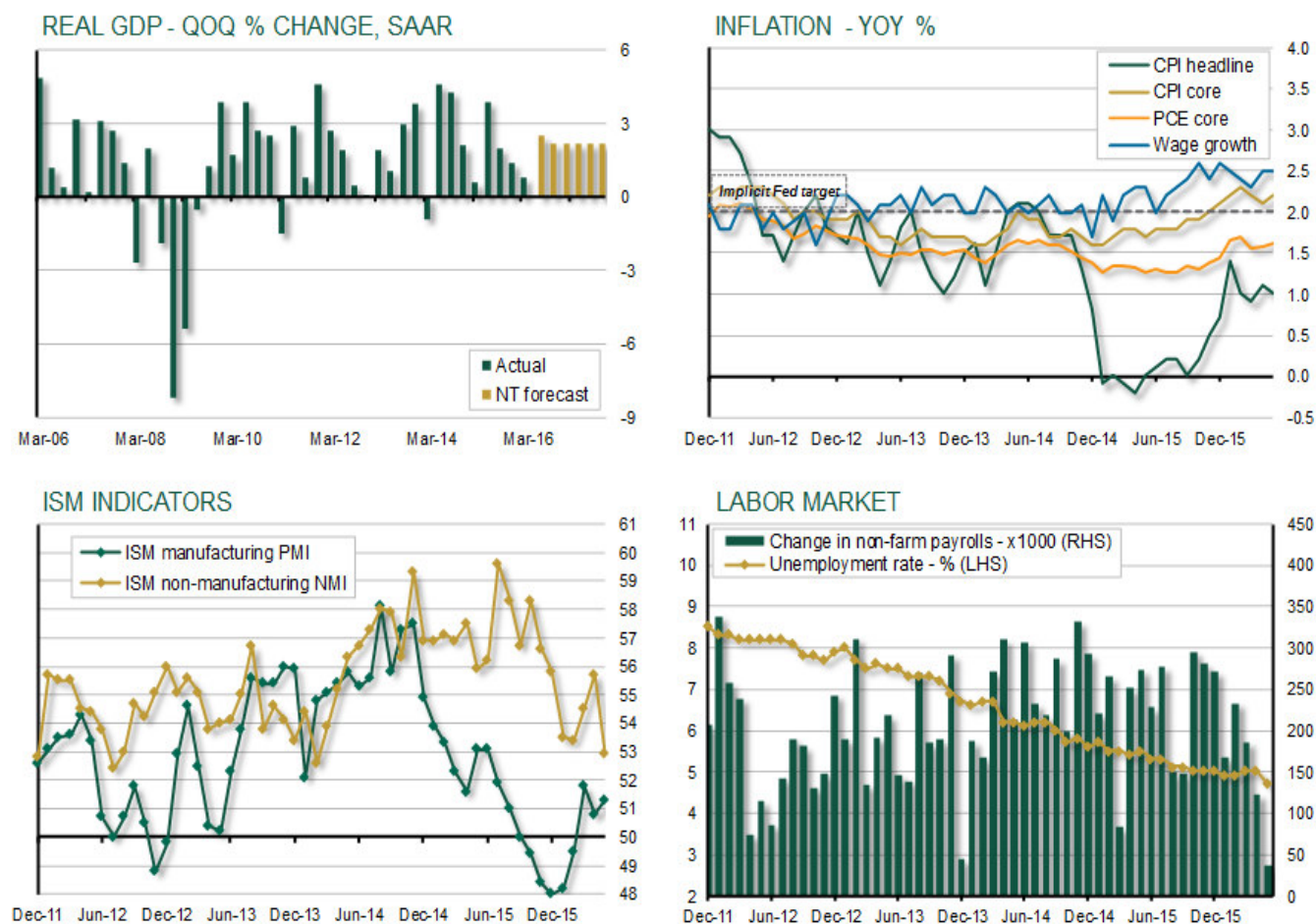


Source: Northern Trust, Bloomberg.





U.S. MACRO OVERVIEW: MACRO HEADWINDS

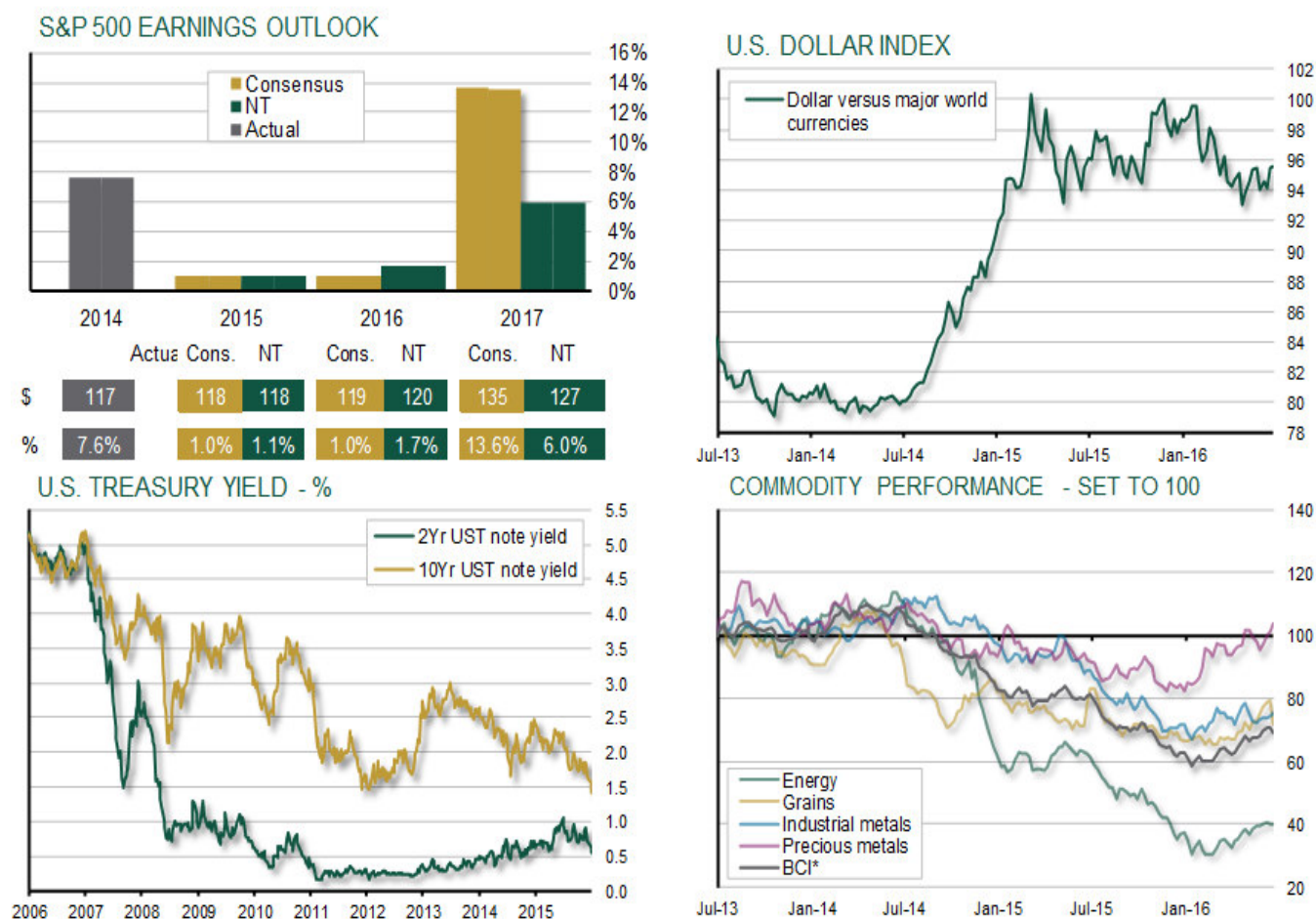


Source: (1) Bloomberg GDP data as of 3/31/2016; forecasts from NT Economic Research as of 6/8/2016. (2) Bloomberg inflation data as of 5/31/2016. (3) Bloomberg ISM data as of 5/31/2016. (4) Bloomberg Labor Market data as of 5/31/2016.





FINANCIAL MARKET OVERVIEW: INTEREST RATES RETREAT



Source: Northern Trust, Factset consensus estimates as of 6/10/2016. Charts: Bloomberg through 6/24/2016. *Bloomberg Commodity Index.

Past performance is no guarantee of future results. Periods greater than one year are annualized except where indicated. Returns reflect the reinvestment of dividends and other earnings and are shown before the deduction of investment management fees, unless indicated otherwise. Returns of the indexes also do not typically reflect the deduction of investment management fees, trading costs or other expenses. It is not possible to invest directly in an index. Indexes are the property of their respective owners, all rights reserved





Disclosure

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Northern Trust Asset Management seeks to use the best available pricing subject to constraints imposed by the investment management agreement, timing of pricing availability and the required valuation deadlines. This may result in funds or SMAs utilizing a different price for the same security for the same valuation date.

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Clients are urged to compare the custodian's account statements with the investment advisor's supplemental statements.

In October and November 2012, Northern Institutional Funds merged into Northern Funds. Client portfolios may reflect the performance of the Northern Fund as of the merged date. Please contact your Northern Trust relationship team with any questions regarding your account or the information in this report.

